



Attachment 1 - Transforming agreement with COSCO

The Agreement with COSCO secures a flexible solution for Prosafe to bring the industry's newest and most competitive Units to the market as the market recovers and contract opportunities materialise. The Agreement also allows Prosafe to avoid incurring additional lay-up costs and offers an attractive long-term financing structure for Prosafe. In combination with anticipated scrapping of legacy units in the coming years, these Units will significantly renew and high-grade the Prosafe fleet and strengthen the Company's global reach of modern and competitive units.

The Agreement includes the following main terms:

- 1) Flexible delivery schedule over a period of up to 5 years
 - Delivery of Safe Eurys on or before 31st December 2019
 - Delivery of Safe Nova or Safe Vega;
 - Delivery of one vessel on or before third anniversary of the Agreement, plus an opportunity to extend by up to 1 year subject to certain conditions
 - For the other vessel, delivery on or before fifth anniversary of the Agreement
 - Lay-up and preservation costs will be carried by COSCO until the Units are delivered
- 2) A total of USD 55 million of discounts to the original contract price for the three Units combined
 - Safe Eurys contract price is reduced by USD 15 million
 - Safe Nova and Safe Vega contract prices are reduced by USD 20 million each
- 3) The current refundable payment for Safe Nova and Safe Vega of approx. USD 60 million will become non-refundable when the Agreement is effective
- 4) Waiver by COSCO of entire accrued and future lay-up costs when Safe Eurys is delivered (approx. USD 24 million as at end 2019)
- 5) A total of USD 100 million payment (in addition to yard financing) on delivery of the vessels, respectively USD 50 million for Safe Eurys and USD 25 million each for Safe Nova and Safe Vega
- 6) Attractive long-term yard financing
 - COSCO will provide yard financing of approx. USD 431 million in total
 - USD 98.7 million for Safe Eurys, USD 167.8 million for Safe Vega, and USD 164.7 million for Safe Nova
 - Terms of the yard financing:
 - Tenor: Up to 10 years from effective date of the Agreement for all three Units. The sum of lay-up (time from effectiveness until delivery) and tenor of yard financing shall not exceed 10 years. For example if a Unit is delivered after 3 years, the financing tenor is 7 years.
 - Interest:
 - Interest-free period for the first 2 years after delivery
 - Interest in years 3 to 5 will be in the range of 0-4.0% and for years 6 to 10 in the range of 2-8%, in each case depending on day rates and utilisation achieved
 - Minimum amortization payment per unit per annum calculated as from the delivery date of each Unit respectively are;
 - USD 2 million the first 3 years,
 - USD 6 million for years 4 to 6, and
 - USD 7 million from year 7 to maturity

The minimum amortization amount shall be paid out of the 50/50 profit split. Prosafe shall 'top up' any shortfall between the profit split and the minimum annual amortization payment to COSCO.

- Priority of Prosafe costs: First out in the waterfall is repayment to Prosafe of the costs incurred in connection with mobilisation and stock-up costs of each Unit (limited to maximum USD 20 million per Unit). Thereafter the 50/50 profit split of adjusted EBITDA shall apply 50/50.
- EBITDA split: 50/50 Profit split of adjusted EBITDA* between COSCO and Prosafe after repayment to Prosafe of mobilisation and stock-up costs up to USD 20 million and subject to COSCO receiving the minimum annual amortization payment. COSCO EBITDA share to be applied, in full, towards amortization of Promissory Notes. Interest, if any, to be paid out of Prosafe EBITDA share.
* Adjusted EBITDA to be split is calculated after deduction of all maintenance and repair related costs (both capitalized and expensed) and after deduction of any local taxes triggered by the operation of a vessel
- Refinancing: Mandatory refinancing of the yard financing once outstanding amount is reduced to USD 50 million for the Safe Eurus Promissory Note, and 50% of initial Promissory Note amount for each of Safe Nova and Safe Vega
- Security: The security package for the yard financing for each of the Units will comprise a mortgage over the relevant Unit, assignment of insurances, assignment of earnings, pledge of shares of the Unit owning company and a Prosafe parent company guarantee capped at USD 60 million per Unit.

The effectiveness of the Agreement remains conditional on certain conditions precedents and approvals.

As a consequence of the Agreement the standstill agreement is extended from 10th August till end August 2018 to allow sufficient time for outstanding approvals.